

AGN. NO. \_\_\_\_\_

MOTION BY SUPERVISOR DON KNABE

May 18, 2010

On April 8, 2010, Assembly Members Calderon and De La Torre introduced AB 2065 which would allow the Redevelopment Agency of the City of Downey to amend an existing redevelopment plan to add 2 parcels of land to an existing redevelopment project area.

AB 2065 is sponsored by the City of Downey which is trying to facilitate and help expedite construction of a new Tesla Motors manufacturing facility to build an all electric vehicle called the "Model S". The proposed manufacturing plant will: 1) create 1,200 new clean-tech and engineering jobs; 2) encourage green technology production in the Los Angeles County area; and 3) help revitalize the economy not only at the local level but for the entire State.

According to the City of Downey, Tesla Motors is in the process of finalizing negotiations to locate its new manufacturing facility in the former NASA Industrial Plant, which was the home of the Apollo Space Program and the U.S. Space Shuttle Program. The expedited passage of AB 2065 is critical to enable Tesla Motors to meet

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its aggressive timeline to begin the manufacturing of the new electric vehicle and to be able to utilize a \$365 million loan from U.S. Department of Energy to finance equipment for the production of the vehicle. Tesla has until January 2012 to use the Federal funds.

On April 28, 2010, the County took an oppose position on AB 2065 based on existing policy to oppose any redevelopment legislation which would cause the County to lose revenues or which would limit or repeal provisions of Community Redevelopment law. The County's Legislative Advocates have been advocating that position in Sacramento. However, the City of Downey has approached my office and is willing to accept amendments to AB 2065 to specify a "hard cap" on the amount of tax increment funds to be collected by the Downey Redevelopment Agency with respect to the added redevelopment area, and to clarify the extraordinary circumstances requiring exception to existing law.

Based on a review of the proposed bill amendments by County Counsel and CEO staff, **they believe that the amendments would drastically limit any negative impact to the County, if not remove most of it, and passage of AB 2065 would result in major long-term economic benefits for the County, the State and other local government entities, as the new Tesla manufacturing plant will:**

- Create 1,200 new clean-tech, engineering and career-ladder jobs which would help encourage clean technology production;
- Establish the City of Downey and the Los Angeles County area as a leader in electric car manufacturing and green technology production;
- Help attract suppliers and other business which would further generate additional jobs and help revitalize the region; and

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- Provide for new investment opportunities which would help the local economy.

I, THEREFORE, MOVE that the Board of Supervisors direct the CEO to remove the County's opposition to AB 2065 upon inclusion of the proposed amendments, and take a neutral position on this bill.

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RV:mw